



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Apache County

Year Ended June 30, 2003



Debra K. Davenport
Auditor General

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Apache County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2003

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Apache County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Apache County for the year ended June 30, 2003. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of Apache County for the year ended June 30, 2003, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Board of Supervisors, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Debbie Davenport
Auditor General

November 9, 2004

Apache County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2003

1. Economic Estimates Commission expenditure limitation	\$12,378,535
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>11,131,132</u>
3. Amount under the expenditure limitation	<u>\$ 1,247,403</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: Karla James, Finance Director

Telephone Number: (928) 337 – 4364 Date: _____

See accompanying notes to report.

Apache County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2003

Description	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line C	\$ 27,555,050	\$ 236,481,602	\$ 264,036,652
B. Less exclusions claimed:			
Bond proceeds (Note 2)	1,048,366		1,048,366
Debt service requirements on bonded indebtedness (Note 3)	651,816		651,816
Trustee or custodian (Note 4)	268,764	236,481,602	236,750,366
Grants and aid from the federal government (Note 5)	2,685,938		2,685,938
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	5,000		5,000
Amounts received from the State of Arizona (Note 5)	4,939,118		4,939,118
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,960,632		3,960,632
Contracts with other political subdivisions (Note 5)	120,885		120,885
Refunds, reimbursements, and other recoveries (Note 5)	375,494		375,494
Prior years carryforward (Note 7)	<u>2,367,905</u>	<u> </u>	<u>2,367,905</u>
Total exclusions claimed	<u>16,423,918</u>	<u>236,481,602</u>	<u>252,905,520</u>
C. Amounts subject to the expenditure limitation	<u>\$ 11,131,132</u>	<u>\$ -</u>	<u>\$ 11,131,132</u>

See accompanying notes to report.

Apache County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2003

Description	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures/deductions reported within the fund financial statements	\$ 30,609,891	\$ 236,481,602	\$ 267,091,493
B. Subtractions:			
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	1,679,127		1,679,127
Contributions to fire districts (Note 9)	229,558		229,558
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 10)	559,292		559,292
Long-term care contributions withheld by the State Treasurer (Note 11)	<u>586,864</u>	<u> </u>	<u>586,864</u>
Total subtractions	<u>3,054,841</u>	<u> </u>	<u>3,054,841</u>
C. Amounts reported on Part II, Line A	<u>\$ 27,555,050</u>	<u>\$ 236,481,602</u>	<u>\$ 264,036,652</u>

See accompanying notes to report.

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2003

Note 1 - Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07, which excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2 - The exclusion claimed for bond proceeds consists of capital outlay expenditures of \$1,048,366 reported in the other governmental funds.

Note 3 - The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal retirement and interest expense.

Note 4 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$268,764 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, and in the Fiduciary Funds, the exclusion consists of \$236,481,602 in distributions to investment pool participants.

Note 5 - The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, highway user revenues, contracts with other political subdivisions, and refunds, reimbursements, and other recoveries in the Governmental Funds:

Description	
Grants and aid from the federal government	\$ 2,685,938
Amounts received from the State of Arizona	4,939,118
Highway user revenues in excess of those received in fiscal year 1979-80	3,960,632
Contracts with other political subdivisions	120,885
Refunds, reimbursements, and other recoveries	375,494
Other revenues—(nonexcludable)	5,080,432
Amount carried forward	<u>2,357,583</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$19,520,082</u>

Apache County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2003

Note 6 - The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes of \$5,000 in the Governmental Funds, consists of a donation from the United Way for the County's Wilderness Program recorded as a public safety expenditure in the fund financial statements.

Note 7 - Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

Description	
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 58,693
Trustee or custodian	17,462
Grants and aid from the federal government	12,095
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	3,942
Amounts received from the State of Arizona	364,838
Highway user revenues in excess of those received in fiscal year 1979-80	1,858,003
Contracts with other political subdivisions	<u>52,872</u>
Total prior years carryforward expended	<u>\$2,367,905</u>

Note 8 - The subtraction of \$1,679,127 for separate legal entities established under A.R.S. consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the following categories in the Governmental Funds category in the fund financial statements:

Special Assessment Districts	
Public safety	\$ 1,641,019
Highways and streets	<u>38,108</u>
Total	<u>\$ 1,679,127</u>

Note 9 - The subtraction of \$229,558 for contributions to fire districts consists of payments that are not subject to the expenditure limitation. These expenditures were reported in public safety expenditures in the Governmental Funds category in the fund financial statements.

Note 10 - The subtraction of \$559,292 for community college reimbursement payments pursuant to A.R.S. §15-1469.01 consists of payments that are not subject to the expenditure limitation. These expenditures were recorded as education expenditures in the Governmental Funds category in the fund financial statements.

Note 11 - The amount of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs was reported as a revenue and an offsetting expenditure in the County's Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.